

ASX Announcement | 18 July 2019
Visioneering Technologies (ASX:VTI)

Visioneering doubles year-over-year growth in shipments and cash receipts following record-breaking June quarter

Q2 FY19 Investment Highlights

- Shipments to US Eye Care Professionals (ECPs) and cash receipts from customers more than doubled year on year, up 105% and 126% respectively
- Shipments to US ECPs increased 11% quarter on quarter to US\$1.4m
- Cash receipts from customers in Q2 2019 increased 13% quarter on quarter to US\$1.3m
- Net revenue increased 4% to US\$1.2m quarter on quarter and up 95% on Q2 FY18
- Active accounts in the US grew by 10% quarter on quarter to 1,855, with 95% repeat customers
- Visioneering is on track to achieve forecast net revenue of between US\$6.5m and US\$7.5m in the full 2019 financial year (FY19), in line with previous guidance

Atlanta, Georgia, Thursday, 18 July 2019: US-based medical device company and producer of the NaturalVue® (etafilcon A) Multifocal 1 Day Contact Lenses Visioneering Technologies, Inc (ASX: VTI) ('Visioneering' or 'the Company') is pleased to provide its Appendix 4C and summary of operations for the quarter ended 30 June 2019 (Q2 FY19). The Company's fiscal year coincides with the calendar year.

Visioneering achieved record results across a number of key metrics during the quarter. Shipments to US Eye Care Professionals (ECPs), cash receipts from customers, and net revenue all set records in the June 2019 quarter.

Strong growth in shipments and revenue in record-breaking quarter

In the quarter ended 30 June 2019, Shipments to US ECPs grew by 11% over the prior quarter to US\$1.4m and grew by 105% over the same period in 2018. Net Revenue for the quarter ended 30 June 2019 grew by 4% over the prior quarter to US\$1.2 million and grew by 95% over the same period in 2018. The percent increase in Net Revenue was lower than the percent increase in Shipments to US ECPs partially due to the timing of inventory purchases versus shipments at the distributor level, and partially due to higher-than-expected rebate redemptions in a rebate program that ended during the quarter.

Shipments to US ECPs represent the dollar value of products sold by Visioneering's distributors in the US to ECPs at pricing that reflects the Company's price to the distributors. The Company believes Shipments to US ECPs provide the best window into the demand for its products and smooths the impacts of the timing of distributor inventory replenishments.

Key metrics show continued momentum

Year on year, Shipments to US ECPs increased 105%, while net revenue almost doubled, increasing 95%. Table 1 below includes a summary of key metrics and definitions.

Gross profit continued to rise in the quarter, reaching 34.3% of net revenue for Q2 FY19 compared to Q1 FY19 gross profit of 32.0% and Q2 FY18 gross profit of 15.3% (excluding an inventory write-down recorded in Q2 FY18 that resulted in negative gross profit for the quarter).

Visioneering tracks the repurchase behaviour of its ECP customers since the Company views high repeat customer percentages as a positive indication of the quality of its revenue and of the tangible value VTI provides to ECPs and their patients. During the quarter, 95.4% of ECPs that purchased product in Q1 FY19 purchased product again, down slightly from 96.4% for the comparable measure in Q1 FY19 and up from 88.2% in Q2 FY18.

Table 1: Q2 FY18, Q1 FY19 and Q2 FY19 key metrics

(US\$ in 000's, unaudited)	Q2 FY18	Q1 FY19	Q2 FY19	Q2 FY19 vs Q1 FY19	Q2 FY19 vs Q2 FY18
Net Revenue (A)	\$607	\$1,133	\$1,181	4%	95%
Shipments to US ECPs (B)	\$683	\$1,262	\$1,397	11%	105%
Receipts from customers	\$578	\$1,152	\$1,305	13%	126%
Active US Accounts (C)	1,156	1,683	1,855	10%	60%
Shipments to US ECPs per Active US Account	\$591	\$750	\$753	0.4%	27%
Gross profit % (E)	15.3%	32.0%	34.3%		
Repeat customer % (D)	88.2%	96.4%	95.4%		

- (A) Net revenue includes international revenue.
- (B) Shipments to US ECPs represents the gross revenue equivalent of lenses shipped to ECPs located in the US, net of fulfilment fees.
- (C) Active US Accounts are ECPs located in the US that purchased VTI products during the quarter.
- (D) Repeat customer % is the percent of prior quarter Active US Accounts that purchased in the current quarter.
- (E) Gross profit % in Q2 FY18 is shown before an inventory write-down that resulted in a negative gross profit in that quarter.

Active US accounts (accounts that purchased during the quarter) and Shipments to US ECPs per Active US account grew, both from the prior quarter and from the previous corresponding period.

Q2 FY19 Active US accounts were up 10% from Q1 FY19 to 1,855, and up 60% from Q2 FY18. Q2 FY19 Shipments to US ECPs per Active US Account were US\$753, up slightly from US\$750 in Q1 FY19 and up 27% from Q2 FY18. The increase in Shipments to US ECPs per Active US Account was lower than in the prior quarter partially due to an exceptionally strong first quarter in which Shipments to US ECPs grew 28% over the December 2018 quarter.

Cash receipts more than double year over year, and Company completes capital raise

Cash receipts from customers in Q2 2019 increased 13% over prior quarter to US\$1.3m and increased 126% over the corresponding period in 2018.

Visioneering reduced its net cash used in operating activities to US\$2.8m in the quarter from US\$3.8m in Q1 FY19, primarily due to the timing of payments for payroll and administrative costs. The Company finished the quarter with US\$1.3m in cash and cash equivalents.

The Company announced on 6 June 2019 that it had secured commitments for new capital, which included three components. The first was a Placement of 22.2m CDIs that was completed in June 2019 and raised US\$0.7m net of fees. The second was a Rights Offering of 128.3m CDIs that was completed on 5 July 2019 and raised US\$3.8m net of fees. The final component was a Convertible Note Issue that was completed on 10 July 2019 and raised US\$3.0m. As of 10 July 2019, the Company had approximately US\$7.8m in cash and cash equivalents.

Global expansion gathers steam

Visioneering generated its first sales in the UK in March 2019 and increased its penetration into the UK and other international markets in the second quarter. Visioneering plans to continue its expansion in 2019 with launches in Canada and parts of Asia.

As noted in its Business and Operations Update announced on 14 May 2019, the Company is in discussions with entities that wish to license VTI's NaturalVue MF contact lenses in Asia and with a multi-national contact lens company for a non-exclusive private-label relationship with VTI for rights to launch NaturalVue MF under the partner's name in the European Union, and potentially other parts of the world. The Company is continuing these discussions and remains optimistic that it will enter these partnerships, though ongoing trade tensions between the US and its trading partners may present some risks to these initiatives.

Net Revenue forecast to more than double in 2019

Visioneering remains on track to deliver net revenue of between US\$6.5m and US\$7.5m in the full 2019 financial year, compared to net revenue of US\$3.3m in 2018. Gross profit margin is expected to increase from 34.3% in Q2 FY19 to approximately 45% in Q4 FY19, averaging approximately 40% for the full year.

For the year ending 31 December 2019, the Company forecasts that on average, Active US Accounts will grow between 175 and 225 accounts per quarter, and revenue per account will grow between US\$65 and US\$95 per quarter. Actual results through the first half of 2019 are in line with these projections, with higher growth in the number of accounts offsetting lower growth in revenue per account.

The Company expects the growth in active accounts and revenue to vary by quarter based on seasonality, with the third quarter likely being the strongest quarter and the fourth quarter likely being the weakest quarter, in terms of sequential quarterly growth.

Visioneering Technologies CEO Stephen Snowdy, PhD, said: "Visioneering achieved another record quarter, with Shipments to US ECPs growing 11%, cash receipts from customers growing 13%, and net revenue growing 4%, no small feat considering our record 28% growth in shipments in the first quarter. We are also excited about our progress in international territories, especially our recent entry into the United Kingdom. We expect to add Canada and parts of Asia this year once we are able to satisfy their regulatory requirements and form distribution partnerships. The September quarter is traditionally our strongest of the year, and we look forward to reporting those results to you in a few short months."

Ends.

Invitation To Join Investor Conference Call

Investors are invited to join a conference call on Friday, 19 July 2019, at 10 AM AEDT (Thursday, 18 July 2019, 8 PM US eastern time) hosted by Visioneering’s CEO, Stephen Snowdy.

To pre-register for the call please use this link:

<https://s1.c-conf.com/diamondpass/vti-10001309-invite.html>

You will receive a calendar notification with dial in details and a PIN for fast track access to the call. Alternatively you can dial in using the details below at the scheduled call start time.

Conference ID: 1000 1309

Participant dial in numbers

Australia Toll Free:	1 800 908299
Alternate Australia Toll Free:	1 800 455963
Australia (Sydney) Local:	02 9007 8048
Canada Toll Free:	1 855 624 0077
Japan Toll Free:	0066 3386 8000
New Zealand Toll Free:	0800 452 795
United Kingdom Toll Free:	0800 051 1453
United States:	(855) 624 0077

For more information, please contact:

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About Visioneering Technologies

Visioneering Technologies Inc. (ASX:VTI) is an innovative eye care company committed to redefining vision. Since its founding in 2008, Visioneering has brought together clinical, marketing, engineering, manufacturing and regulatory leaders from top vision care businesses to provide new solutions for presbyopia, myopia and astigmatism.

Headquartered in the US, Visioneering designs, manufactures, sells and distributes contact lenses. Its flagship product is the NaturalVue® Multifocal contact lens, and VTI has expanded its portfolio of technologies to address a range of eye care issues. The company has grown operations across the United States, Australia and Europe and is expanding into Asia with a focus on markets with high rates of myopia.

Foreign ownership restrictions

VTI's CHES Depositary Interests (**CDIs**) are issued in reliance on the exemption from registration contained in Regulation S of the US Securities Act of 1933 (**Securities Act**) for offers which are made outside the US. Accordingly, the CDIs have not been, and will not be, registered under the Securities Act or the laws of any state or other jurisdiction in the US. As a result of relying on the Regulation S exemption, the CDIs are 'restricted securities' under Rule 144 of the Securities Act. This means that you are unable to sell the CDIs into the US or to a US person for the foreseeable future except in very limited circumstances after the expiration of a restricted period, unless the re-sale of the CDIs is registered under the Securities Act or an exemption is available. To enforce the above transfer restrictions, all CDIs issued bear a 'FOR US' designation on the Australian Securities Exchange (**ASX**). This designation restricts any CDIs from being sold on ASX to US persons. However, you are still able to freely transfer your CDIs on ASX to any person other than a US person. In addition, hedging transactions with regard to the CDIs may only be conducted in accordance with the Securities Act.

Forward-Looking Statements

This announcement contains or may contain forward-looking statements that are based on management's beliefs, assumptions and expectations and on information currently available to management.

All statements that address operating performance, events or developments that we expect or anticipate will occur in the future are forward-looking statements. These include, without limitation, U.S. commercial market acceptance and U.S. sales of our product, as well as our expectations with respect to our ability to develop and commercialize new products.

Management believes that these forward-looking statements are reasonable when made. You should not place undue reliance on forward-looking statements because they speak only as of the date when made. VTI does not assume any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. VTI may not actually achieve the plans, projections or expectations disclosed in forward-looking statements. Actual results, developments or events could differ materially from those disclosed in the forward-looking statements.

VTI-IR-ASX13

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Visioneering Technologies, Inc.

ABN

616 156 248

Quarter ended ("current quarter")

30 June 2019

Consolidated statement of cash flows	Current quarter US\$'000	Year to date (6 months) US\$'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,305	2,457
1.2 Payments for		
(a) research and development	(162)	(703)
(b) product manufacturing and operating costs	(905)	(1,292)
(c) advertising and marketing	(616)	(1,205)
(d) leased assets	-	-
(e) staff costs	(2,113)	(4,558)
(f) administration and corporate costs	(362)	(1,361)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	16	51
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(2,837)	(6,611)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows		Current quarter US\$'000	Year to date (6 months) US\$'000
	(d) intellectual property	(10)	(20)
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(10)	(20)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	693	693
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(68)	(68)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	625	625
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	3,491	7,275
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,837)	(6,611)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(10)	(20)

Consolidated statement of cash flows		Current quarter US\$'000	Year to date (6 months) US\$'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	625	625
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of quarter	1,269	1,269

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter US\$'000	Previous quarter US\$'000
5.1	Bank balances	250	250
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (#)	1,019	3,241
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,269	3,491

U.S. Treasury bills, notes, and other high-quality, short term securities that are issued or guaranteed by the U.S. government or by U.S. government agencies.

6.	Payments to directors of the entity and their associates	Current quarter US\$'000
6.1	Aggregate amount of payments to these parties included in item 1.2	69
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter US\$'000
-
-

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8. Financing facilities available

Add notes as necessary for an understanding of the position

- 8.1 Loan facilities
- 8.2 Credit standby arrangements
- 8.3 Other (please specify)

Total facility amount at quarter end US\$'000	Amount drawn at quarter end US\$'000
-	-
-	-
-	-

- 8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

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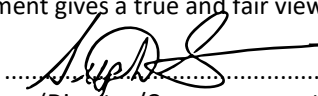
9. Estimated cash outflows for next quarter

	US\$'000
9.1 Research and development	218
9.2 Product manufacturing and operating costs	1,087
9.3 Advertising and marketing	494
9.4 Leased assets	-
9.5 Staff costs	1,962
9.6 Administration and corporate costs	771
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	4,532

10.	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1	Name of entity	N/A	N/A
10.2	Place of incorporation or registration		
10.3	Consideration for acquisition or disposal		
10.4	Total net assets		
10.5	Nature of business		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: 
 (Director/Company secretary)

Date: **17 July 2019**

Print name: **Stephen Snowdy**

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.